

C O P Y

20 May 1954

MEMORANDUM FOR: Comptroller
General Counsel
Auditor-in-Chief
Director of Security
Chief of Administration (DD/P)

SUBJECT : Board of Review for Cases Regarding
Shortages and Losses of Official Funds

1. Confidential Funds Regulation, Paragraph 1.4c, delegates authority to the Deputy Director (Administration) to take final action on "questions involving pecuniary liability, or loss or shortage of Government funds not properly accounted for." This authority is intended to provide relief of accountability in those cases involving confidential funds which, for security reasons, cannot or should not be referred to the Comptroller General of the United States. Except for extenuating operational conditions, the basic principles governing relief of pecuniary liability should be those established by law, i.e., that the individual involved was acting in his official capacity and that there is no evidence of negligence or fraud on the part of such individual.

2. In exercising this authority, I have had a considerable number of controversial cases involving difficult administrative determinations as to pecuniary liability. Many of these borderline cases involve operational circumstances, security problems, degree of prudent action, accounting practices, etc. The Comptroller is currently drafting new Regulations containing detailed criteria and procedures governing the exercise of this authority to insure standard application to all cases. The Regulations will provide, among other things, for a Board to review each case and recommend action to the Deputy Director (Administration).

3. It is my desire to have the benefit of collective review of such cases as soon as possible. Accordingly, pending publication of new Regulations, it is requested that a Board of Review be established to investigate each case of losses or shortages of funds and recommend final action of the Deputy Director (Administration) under the authority contained in CFR 1.4c. In order to obtain maximum technical guidance, this Board will consist of designated representatives of the following:

Comptroller - Chairman
General Counsel - Member
Auditor-in-Chief - Member
Director of Security - Member

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Deputy Director (Plans) - Member.

The Chairman will prepare a brief report, with supporting documents attached, for each case, which shall indicate the decision of the Board. If the decision is not unanimous, the report shall indicate both the majority and minority recommendations.

/s/
L. K. White
Acting Deputy Director
(Administration)

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